



DRAFT

**Joint Committee on Austin Water Utility’s Financial Plan
May 28, 2014
Waller Creek Center, Room 104
625 East 10th Street
Austin, Texas**

For more information go to: <http://austintexas.gov/department/joint-subcommittee>

AGENDA

**Water & Wastewater
Commission Members**

Mickey Fishbeck
Chien Lee, P.E.

**Resource Management
Commission Members**

Sean Kelly
Luke Metzger

**Impact Fee Advisory
Committee Members**

Kris Bailey
J.R. (Hank) Kidwell
Brian Rodgers (Absent)

Staff in Attendance:

Greg Meszaros, Director, David Anders, Assistant Director, Ron Bedinghaus, Henrietta Melgar, Sonja Stefanwi, Amy Hunter, Kristi Fenton, Dave Juarez, Jane Burazer, Chris Chen, Songli Floyd, Margaret Ha, Rick Coronado, Bart Jennings, Brian Long, Ayman Benyamin, Mehrdad Morabbi, Michael Castillo, Robert Rowan, Daryl Slusher, Jason Hill and Chevonne Pullen

Additional Attendees:

Citizens: Jeff Covington, Dan Wilcox, Brent Lyles, Tina Cannon

A. CALL TO ORDER

Chair Fishbeck called the meeting to order at 6:05 p.m.

B. CITIZEN COMMUNICATION

Brent Lyles, of the Austin Youth River Watch Non-Profit Organization, informed the audience of the Austin Water Utility’s \$200,000 annual contribution to the organization which is half of the non-profits budget. Mr. Lyles described the benefits the low-income youth gain from the Utilities contributions and urged the Committee and the Utility to not cut this funding from the budget.

C. APPROVAL OF MINUTES

Meeting minutes from the May 21, 2014 Joint Committee regular meeting were approved on Commissioner Rodgers motion, contingent on the revision of the Straw Polls New Item 3.3 and renumbered Items 3.4 and 3.5 and Commissioner Metzger's second. Consenting were Commissioner's Fishbeck, Bailey, Kelly, Lee, and Kidwell. Commissioner Rodgers was not present to vote on this item.

D. DISCUSSION ITEMS FOR COMMITTEE'S REVIEW:**1. Questions & Comments from previous meetings**

None

2. Discussion on Questions and Answers

None

3. Updated Forecast Options

David Anders presented information regarding the Updated Forecast Option and addressed the Commissioner's questions and concerns.

4. Expense Review

Greg Meszaros and David Anders answered questions regarding Budget reductions from the Commissioners.

5. Debt Coverage

Commissioner Kidwell stated his dissatisfaction regarding the factors involved in equating Austin Water Utility's debt coverage.

6. Drought Rates

David Anders presented information on Drought Rates and addressed the Commissioner's questions and concerns.

7. Recommendation Review

Greg Meszaros, David Anders, and the Commissioners reviewed each Item on the Draft Recommendation document. Commissioners voted to Amend, Add or Remove the following items by Straw Polls:

- Item 3.2: Amended: Straw Poll; 4-2 in favor
 - For future rate design proposals for FY 2016 and beyond, the tiered-fixed fee spread between blocks 1 and 5 should be increased to \$22.75 from the current \$10.50.
- Item 3.3: Re-numbered: Straw Poll; 4-2 in favor

- For future rate design proposals for FY 2016 and beyond, the only residential volumetric rate block below the average volumetric cost of service rate should be block 1. Blocks 2 through block 5 should be charged at least the average volumetric cost of service rate.
- Item 3.4: Re-numbered: Straw Poll; 5-1 in favor
 - AWU should consider a 2 year transition period, starting no earlier than FY 2016, when implementing raising block 2 to the average volumetric cost of service rate.
- Item 4.6: New: Straw Poll; 5-1 in favor
 - The elimination of stage 3 or stage 4 drought rates will be determined by the City Manager.
- Item 5.1: New: Straw Poll; 5-1 in favor; with approval for AWU Staff to update with final numbers and wording to reference attachments for detailed budget reduction reports.
 - The Joint Committee recommends \$25.2M in budget reductions which does not include pipeline operations overtime, clean/TV sewers contract, pipeline maintenance, services other, commercial rebate incentives, municipal irrigation efficiency, and rainwater harvesting rebates.
 - (AWU Staff Amended) The Joint Committee recommends \$25.0 million in 2015 budget reductions presented by Austin Water in the budget reductions detailed in Attachment A. Additionally, the Joint Committee recommends \$4.5 million in 2014 and 2015 budget reductions detailed in Attachment B.
- Item 5.2: Amended: Straw Poll; 4-2 in favor
 - The Joint Committee recommends elimination of any transfers which are not related to the provision of utility service with the exception of the 8.2% General Fund transfer. Examples of these transfers include Sustainability Fund, Economic Development Fund, Economic Incentives Reserve Fund, and any other transfers not related to the provision of utility service. This revenue is needed to improve the financial metrics of the Utility in regard to operating reserves, cash funding of CIP, levels of debt and magnitude of required rate increases. Without this re-investment in the Utility, customers will necessarily be subjected to higher rate increases, service levels may be compromised, and bond ratings may be negatively affected.
- Item 5.3: New: Straw Poll; 4-2 in favor
 - The Joint Committee recommends the transfer to the General Fund be suspended from the Austin Water Utility when in drought Stage 3 or Stage 4. When in Stage 2 the General Fund transfer should be no more than 6%.
- Item 5.4: Re-numbered: Straw Poll; 6-0 in favor
 - The Joint Committee recommends not to use the Reserve Fund at this time.

E. REPORTS BY COMMITTEE

Commissioner Bailey updated the Committee on recent information from the Austin Water Resource Planning Taskforce Committee.

F. VOTING ITEMS FROM COMMITTEE

1. Final Recommendation to Council

Commissioners discussed and revised the Final Recommendations. Commissioner Metzger motioned to accept the final recommendations in its entirety with Commissioner Kelly's second. Commissioners Fishbeck, Kelly, Metzger, and Lee voted in favor and Commissioner's Bailey and Kidwell opposed. Commissioner Rodgers was not present to vote.

G. NON VOTING DISCUSSION ITEMS

H. STAFF BRIEFINGS, PRESENTATIONS, AND OR REPORTS

Greg Meszaros presented Chair Fishbeck and the rest of the committee with a Certificate of Appreciation for their service and time committed to the Joint Committee.

I. FUTURE AGENDA ITEMS

None

J. ADJOURN

Chair Fishbeck adjourned the meeting without objection at 10:27 p.m.